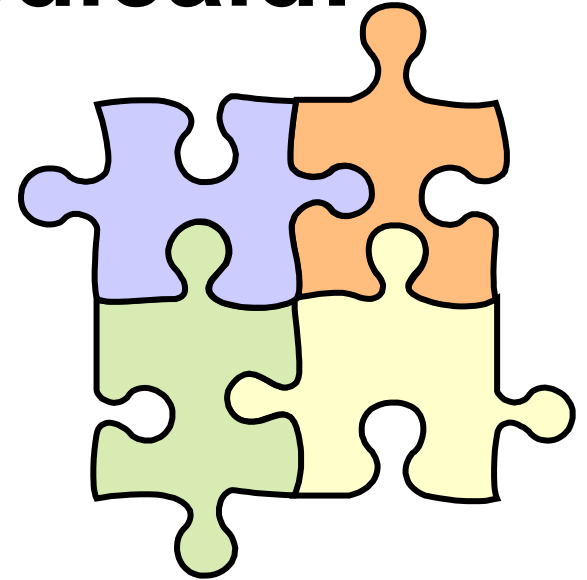


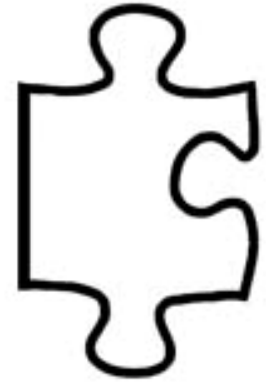
DirigoChoice and Medicaid:

How Do the Pieces Fit Together?



Cindy Mann
Research Professor
Georgetown University Health Policy Institute

MaineCare

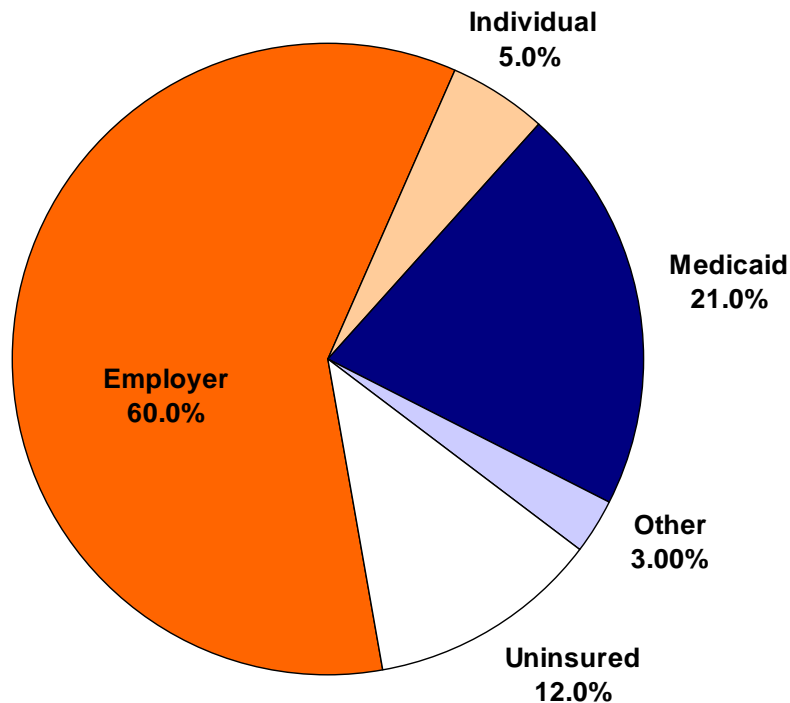


MaineCare's Role

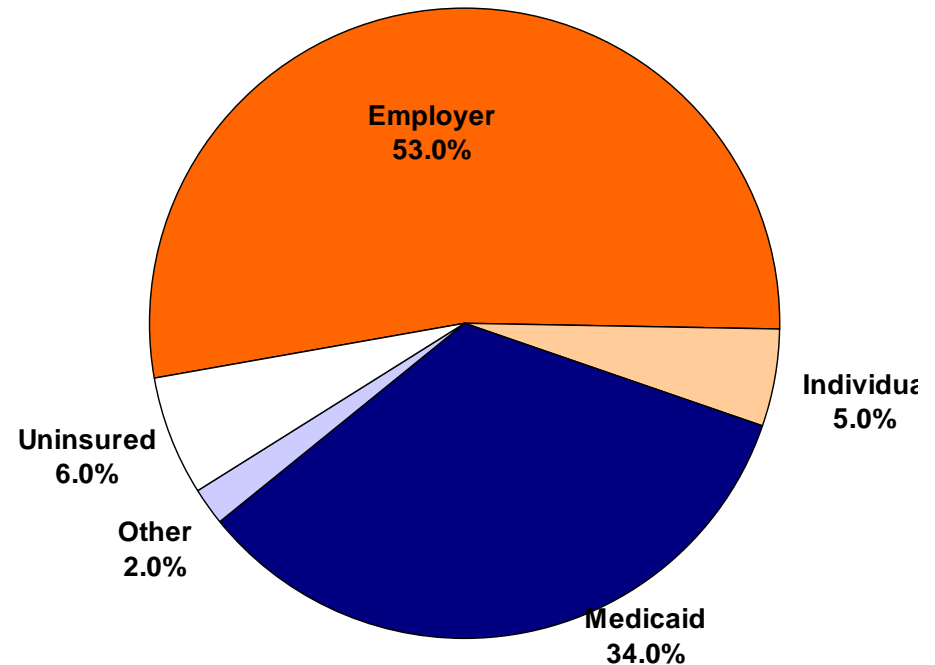
- Provides coverage that is affordable and broad enough to meet the needs of low-income workers and families
- Brings in federal matching payments to help lower costs and cover more residents
- Key partner helping Maine reach its access goals

Sources of Health Care Coverage in Maine, 2003-2004

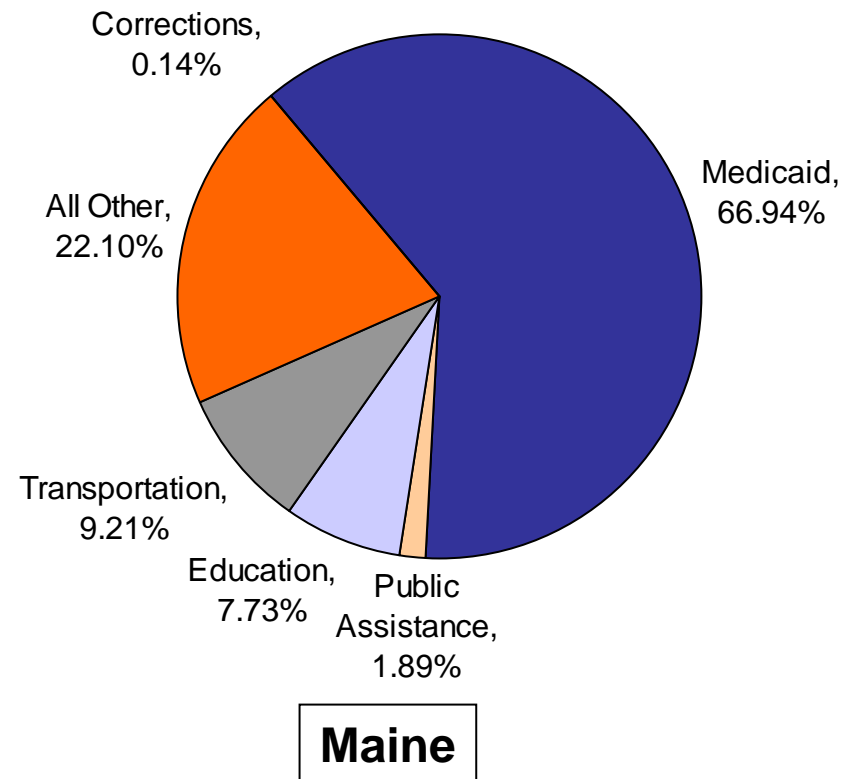
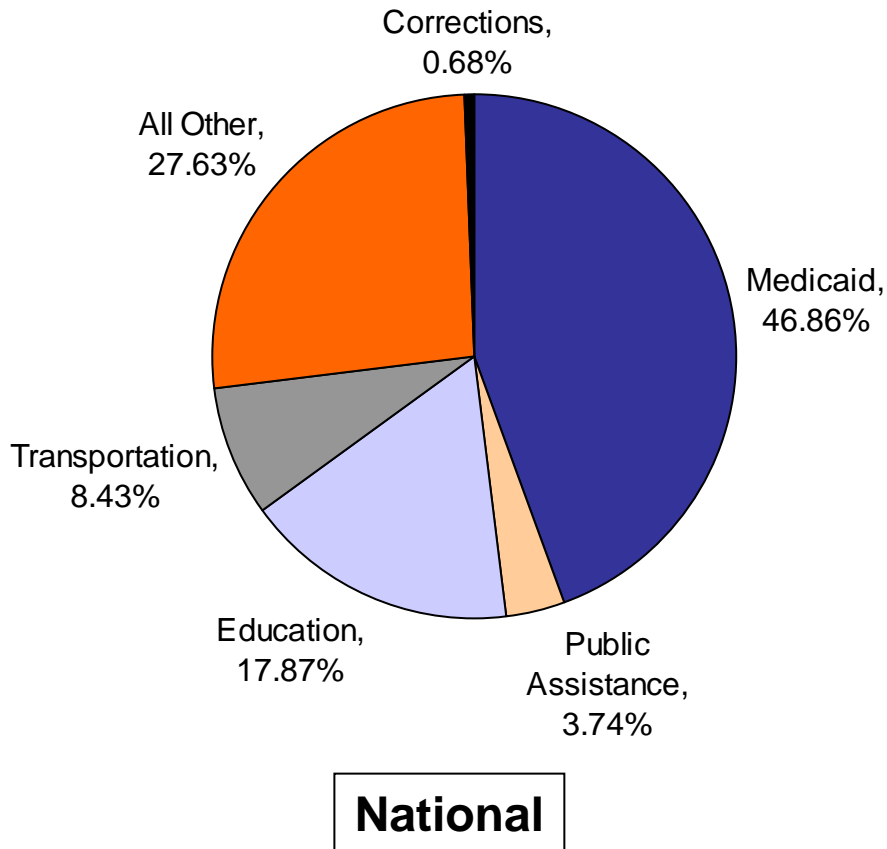
NonElderly



Children



Medicaid's Share of Total Federal Funds, US and Maine, 2004



Note: "Education" includes elementary, secondary and higher education; and "All Other" varies by state and includes federal funds for the State Children's Health Insurance Program and may include a range of other federal funds such as economic development, housing, parks and recreation. Federal funds are calculated exclusive of capital expenditures.

Source: Georgetown Center for Children and Families analysis based on National Association of State Budget Officers (NASBO), 2004 State Expenditure Report, 2005.

Medicaid Basics: Federal Rules & State Options

- Federal minimum requirements and state options
- Waivers allow other changes but
 - Secretarial discretion
 - Must be “budget neutral” to federal government

Medicaid Basics: Eligibility & Benefits

- Certain groups must be covered and states can expand beyond minimums
- Certain medical care must be covered and states can cover other services
 - Children are covered for all necessary care

MaineCare

Population	Maximum Income Level	Asset Limit ?
Children	200% FPL	No
Parents (child under 19 at home)	200% FPL	Yes
Adults without child at home	100% FPL*	Yes
Adults with disabilities	100% FPL	Yes

*Coverage is under a waiver and subject to a cap

“FPL” is the Federal Poverty Line: 100% of the FPL is \$817/month for one person and \$1,383/month for family of 3; 200% is about \$2,800 for a family of 3.

Medicaid Basics: Financing

- Jointly funded by Maine and U.S.
- Federal share set by “matching rate”
- Maine’s 2007 matching rate is 63%
- Federal funds available on an “as needed” basis. No cap*.

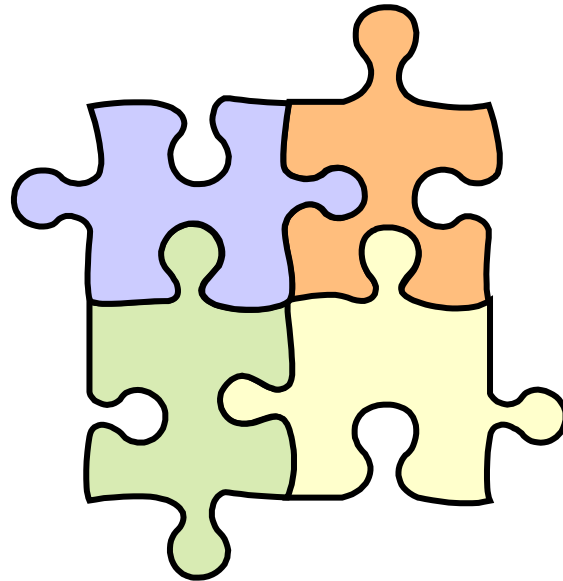
* Waiver financing operates under different rules

Federal Match Reduces Maine's Costs and Allows More People to be Covered

	State funds	Federal funds	Number of people covered at \$2,000 per person cost
Without Medicaid match	\$1 million	0	500
With Medicaid match	\$1 million	\$1.7 million	1350

Calculated based on a federal match rate of 63%

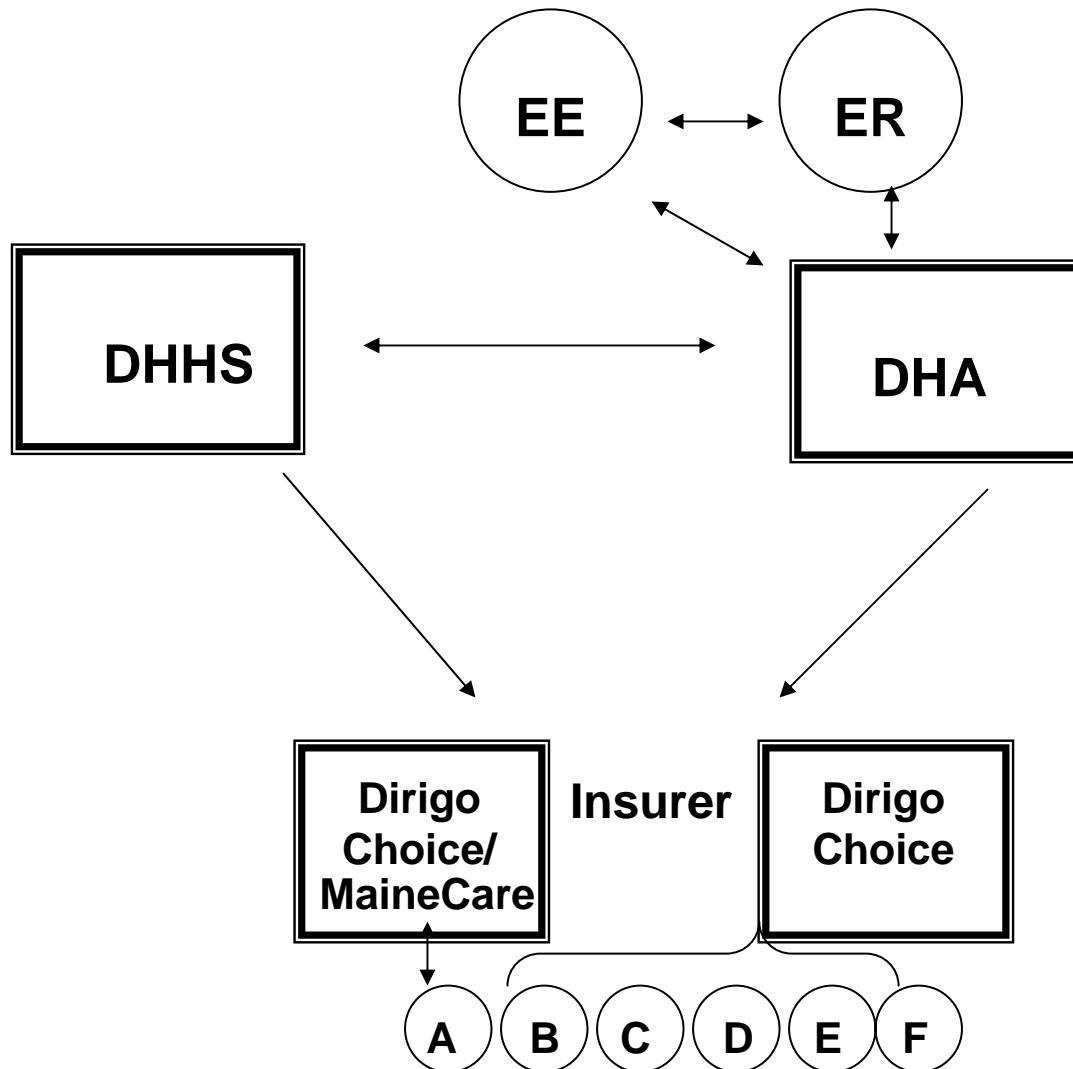
Putting It Together



DirigoHealth and MaineCare

- Integrated system
- Ees contract with DHA which arranges for coverage for participating Ees and dependents
- DHA and DHHS each contract with Anthem (2 contracts but same providers and payment rates)
- DHA determines Ees' discount level based on family income and, for Group A, assets
- Those eligible for MaineCare are in Group A (100% discount); others may also receive discount (80% - 20%)
- Group A covered through DHHS/Anthem contract; other groups covered through DHA/Anthem contract

DirigoChoice



Current Structure of Integrating MaineCare and DirigoChoice

- Lowest income Mainers receive a full discount, allowing them to fully participate in DirigoChoice with other employees.
- Eligibility “cliff” is minimized by discounts
- No need to change plans or providers when income changes
- Federal payments to help defray the cost of the DirigoHealth initiative

Group A Enrollment

- Many fewer people than in Group B
- Possible explanations
 - Marketing?
 - Lack of information?
 - Employees discouraged from providing information needed to establish Group A discount?
 - Asset test?

Other Ways To Integrate Medicaid With DirigoChoice

- Premium assistance or employer “buy-in”
- MaineCare has a small premium assistance program
 - Possible to expand
- But, for DirigoChoice, premium assistance would not provide nearly as much federal match as current structure has the potential to offer

MaineCare/DirigoChoice Financing Compared to Premium Assistance (assuming \$2,000 annual premium cost)

	MaineCare/ DirigoChoice	Premium Assistance
Annual premium	\$2,000	\$2,000
Federal match	63% of \$2,000 or \$1,260	63% of \$2,000 less Er premium If employer pays 60%, federal match is \$500

Possible Next Steps

- Determine why Group A enrollment is low relative to other groups (marketing, insufficient information, discouragement, assets, other??)
 - Analyze circumstances of Group A and Group B enrollees
 - Review marketing, education materials, discount enrollment process
 - Survey enrollees